

Message Text

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PAGE 01 STATE 218764

47

ORIGIN COME-00

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R 030208Z SEP 76

FM SECSTATE WASHDC

TO AMCONSUL RIO DE JANEIRO

AMEMBASSY BRASILIA

INFO AMCONSUL SAO PAULO

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E.O. 11652: N/A

TAGS: BENC, BR

SUBJECT: MAJOR PROJECT: PHASE III STEEL EXPANSION

REF: RIO DE JANEIRO 3253, RIO DE JANEIRO 3217

1. APPRECIATE EXCELLENT REPORT ON BARBOSA MEETING.
2. MESTA REPORTS THEY BID ON CSN PACKAGES 51, 52, 53 AND 54 ALTHOUGH THEY FELT THEIR OFFERS WERE MOST COMPETITIVE ON PACKAGES 52 AND 53. COMPANY THROUGH ITS BRAZILIAN AFFILIATE VILLARES HAS BEEN TRYING TO ARRANGE MEETING WITH CSN TO DISCUSS WHY THEIR BID WAS NOT SELECTED. TO DATE CSN HAS NOT RESPONDED AND WE EXPECT THAT PRESS REPORTS IN GAZETA MERCANTIL REFLECT AN ATTEMPT BY VILLARES TO PRESSURE CSN INTO GRANTING THIS MEETING.

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PAGE 02 STATE 218764

3. ON PACKAGE NUMBER 52 MESTA BID CRS 300 MILLION WITH

55 PERCENT LOCAL PROCUREMENT, THE CONSORTIUM OF
ISHIKAWA JIMA AND MITSUBISHI BID CRS 303 MILLION WITH
52 PERCENT LOCAL PROCUREMENT, INNOCENTI/INNOBRA BID
CRS 250 MILLION WITH 30 PERCENT LOCAL PROCUREMENT.

3. ON PACKAGE 53 MESTA BID CRS 315 WITH 52 PERCENT
LOCAL PROCUREMENT, ISHIKAWA JIMA/MITSUBISHI BID CRS 310
WITH 45 PERCENT LOCAL PROCUREMENT AND INNOCENTI/INNOBRA
BID CRS 290 WITH 20 PERCENT LOCAL PROCUREMENT.

4. PRICE COMPARISONS ARE BASED ON VILLARES ANALYSIS
ALTHOUGH MESTA INDICATES THEIR CALCULATIONS PRODUCED
SIMILAR RESULTS. WHILE THIS INFORMATION IS NOT
SUFFICIENT FOR POST TO DISCUSS MATTER WITH BARBOSA
WE SUGGEST COMMERCIAL COUNSELOR MAY WANT TO CONTACT
VILLARES FOR COMPLETE BRIEFING ON MESTA/VILLARES
PROPOSALS. MESTA (DAN SMITH, MGR. LATIN AMERICA)
CONCURS WITH THIS APPROACH AND SUGGESTS THAT COUNSELOR
CONTACT EITHER CARLOS OR PAULO VILLARES.

5. KEEP US INFORMED OF DEVELOPMENTS. KISSINGER

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